

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 123 - SB 138

March 31, 2021

SUMMARY OF ORIGINAL BILL: Extends, from 30 to 60 days, the timeframe in which a noncompliant applicant whom a Tennessee Sheriff's Association registration plate has been issued must surrender the plate to the county clerk.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (005520): Deletes all language after the enacting clause.

Sections 1 & 2 creates a new specialty earmarked license plate for Hampton University.

Sections 3 & 4 creates a new specialty earmarked license plate for Compassionate Friends.

Section 5 extends, by one year, the time frame for a specialty earmarked license plate for Shelby Park to reach the minimum issuance requirement.

Sections 6 & 7 creates a new specialty earmarked license plate for Sheriff's and Police Activities League of Memphis and Shelby County.

Sections 8 & 9 creates a new specialty earmarked license plate for the Millennial Debt.

Section 10 divides the Legislator Emeritus special purpose license plate into two specialty plates: Senator Emeritus and Representative Emeritus.

Sections 11 & 12 creates a new specialty earmarked license plate for the Equality Alliance.

Sections 13 through 22 makes various aesthetic changes to the honorably discharged veterans specialty license plates.

Sections 23 & 24 creates a new specialty earmarked license plate for the Chattanooga Tourism Foundation.

Sections 25 & 26 creates a new specialty earmarked license plate for the Chattanooga Football Club.

Sections 27 & 28 creates a new specialty earmarked license plate for The Ohio State University.

Sections 29 & 30 creates a new specialty earmarked license plate for CASA.

Sections 31, 32, & 33 creates a new military cultural license plate for Army Rangers.

Section 34 extends, by one year, the time frame for a specialty earmarked license plate for the Tennessee Chamber of Commerce to reach the minimum issuance requirement

Section 35 extends, by one year, the time frame for a specialty earmarked license plate for MADD to reach the minimum issuance requirement.

Section 36 extends, by one year, the time frame for a specialty earmarked license plate for Big Brothers Big Sisters to reach the minimum issuance requirement.

Section 37 extends, by one year, the time frame for a specialty earmarked license plate for I RECYCLE to reach the minimum issuance requirement.

Sections 38 & 39 creates a new specialty earmarked license plate for Drive Electric Tennessee.

Sections 40 & 41 creates a new specialty earmarked license plate for Tiger Haven, Inc.

Sections 42 & 43 creates a new specialty earmarked license plate for TennesSEIA.

Sections 44 & 45 creates a new specialty earmarked license plate for Dyslexia Awareness.

Section 46 extends, by one year, the time frame for a specialty earmarked license plate for Niswonger to reach the minimum issuance requirement.

Sections 47 & 48 creates a new specialty earmarked license plate for Cystic Fibrosis Awareness.

Sections 49 & 50 creates a new specialty earmarked license plate for Natural Gas Fuels Tennessee.

Sections 51 & 52 changes, from the Tennessee affiliates of the Susan G. Komen Foundation, to the Tennessee Department of Health, the entity that receives plate revenue.

Sections 53 & 54 creates a new specialty earmarked license plate for The Volunteer State.

Sections 55 & 56 creates a new specialty earmarked license plate for Honor the Fallen.

Section 57 extends, by one year, the time frame for a specialty earmarked license plate for Enjoy the Ride to reach the minimum issuance requirement.

Sections 58 & 59 creates a new specialty earmarked license plate for Wilson County The Place to Be.

Sections 60 & 61 creates a new specialty earmarked license plate for Nashville Cares.

Section 62 changes the registration plate configuration of the Blue Star Military license plate from “BS” and the identifying number to “FM” and the identifying number.

Sections 63, 64, & 65 extends, by one year, the time frame for a specialty earmarked license plate for Service Dogs to reach the minimum issuance requirement.

Section 66 creates an invalidity and severability clause.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Revenue –

\$21,500/FY21-22/Tennessee Arts Commission

\$5,400/FY21-22/Highway Fund

\$2,300/FY21-22 and Subsequent Years/Department of Health

\$23,900/FY22-23 and Subsequent Years/Tennessee Arts Commission

\$6,000/FY22-23 and Subsequent Years/Highway Fund

Other Fiscal Impact – The Department of Revenue will retain approximately \$3.64 from the sale of every new specialty license plates in FY21-22 to compensate TRICOR for production, warehousing, and distribution costs incurred by TRICOR. The total amount the Department will retain and remit to TRICOR in FY20-21 is approximately \$6,224. TRICOR will receive approximately \$239 in net revenue in FY21-22.

*** The specialty plate organizations whose plates met the required threshold are not associated with state or local governments and should not be calculated impacting as state or local revenue.**

\$24,500/FY21-22/Specialty Plate Organizations

\$27,600/FY22-23 and Subsequent Years/Specialty Plate Organizations

Assumptions for the bill as amended:

Assumptions for the bill as amended relative to new specialty earmarked license plates:

- Pursuant to Tenn. Code Ann. § 55-4-202(g)(1), new specialty earmarked license plates will be subject to a minimum order of at least 1,000 plates prior to initial issuance. Any plate that does not meet the minimum order requirement within one year after passage of the authorizing act will become invalid.
- In the prior four fiscal years, an average of 9.0 percent of proposed specialty license plates reached the minimum 1,000 preorder threshold and were produced.
- Under the provisions of this legislation as amended, 19 new specialty earmarked

license plates are proposed. Those eight amendments which extend the time frame for a specialty earmarked license plate to reach the minimum issuance requirement were considered in the calculations 2020 specialty license plate omnibus legislation (Public Chapter 660 – 2020).

- Approximately 1.71 (19 plates x 9.0%) new specialty license plates will meet the minimum threshold to be produced, resulting in at least 1,710 (1.71 x 1,000) plates produced.
- The annual fee for a new specialty license plate is \$35.00.
- The recurring increase in state revenue is estimated to be \$59,850 [(1,000 plates x \$35.00 fee) x 1.71].
- Pursuant to Tenn. Code Ann. § 55-4-215, all net revenue will be allocated as follows: 50 percent to specialty plate organization; 40 percent to the Tennessee Arts Commission; and 10 percent to the Highway Fund.
- The Department of Revenue will retain \$3.64 per license plate for a total of \$6,224 [(1,000 plates x \$3.64) x 1.71], which will be paid to TRICOR in FY21-22 for the cost of production, warehousing, and distribution of the plates.
- The increase in state revenue in FY21-22 is estimated to be \$53,626 (\$59,850 - \$6,224), allocated as follows: \$26,813 (\$53,626 x 50%) to the specialty plate organization; \$21,450 (\$53,626 x 40%) to the Tennessee Arts Commission; and \$5,363 (\$53,626 x 10%) to the Highway Fund.
- It is assumed all are renewed each subsequent year.
- The recurring increase in state revenue in FY22-23 and subsequent years is estimated to be allocated as follows: \$29,925 (\$59,850 x 50%) to the specialty plate organization; \$23,940 (\$59,850 x 40%) to the Tennessee Arts Commission; and \$5,985 (\$59,850 x 10%) to the Highway Fund.
- TRICOR's actual cost to produce, warehouse, and distribute these specialty license plates is estimated to be \$3.50 per license plate, resulting in \$0.14 net revenue per plate for a one-time increase in net revenue to TRICOR of \$239 [(1,000 plates x \$0.14) x 1.71].

Assumptions for the bill as amended relative to the new cultural military license plate:

- Military cultural license plates are not subject to any minimum order requirements.
- Under the provisions of this legislation, it is estimated there will be one additional military cultural license plate issued.
- Pursuant to Tenn. Code Ann § 55-4-203(c)(1), military cultural license plates are issued upon the payment of the regular registration fee and a fee equal to the cost of actually designing and manufacturing the plates.
- There will not be a significant increase in state revenue or expenditures as a result of the creation and issuance of an Army Rangers cultural military license plate.

General assumptions for the bill as amended:

- Dividing the current, made to order, Legislator Emeritus special issuance license plate into two separate specialty plates will not have a significant impact on state expenditures.
- Making various aesthetic changes to honorably discharged specialty license plates will

not have a significant impact on state expenditures.

- Changing the registration plate configuration of the Blue Star Military license plate from “BS” and the identifying number to “FM” and the identifying number will not significantly impact state expenditures.
- Pursuant the Tenn. Code Ann. § 55-4-349(c), the Tennessee affiliates of the Susan G. Komen Foundation receives the Driving To A Cure (Pink Ribbon) plate revenue. Per this legislation, that revenue would instead be earmarked to the Department of Health to be used exclusively for breast screening, prevention, and diagnostic services.
- According to information provided by DOR, there are currently 132 registrations with that specialty plate.
- There will be an increase in state revenue to the Department of Health in FY21-22 and subsequent years of \$2,310 $[(\$35 \times 132) \times 50\%]$.
- There will be a decrease in revenue to the Susan G. Komen Foundation of \$2,310
- The increase in net revenue to the specialty plate organizations, which are not state or local agencies, in FY21-22 is \$24,503 (\$26,813 - \$2,310).
- The total increase in state revenue to the Tennessee Arts Commission in FY21-22 is \$21,450.
- The total increase in state revenue to the Highway Fund in FY21-22 is \$5,363.
- The total net increase in revenue to the specialty plate organizations, which are not state or local agencies, in FY22-23 and subsequent years is \$27,615 (\$29,925 - \$2,310). It is assumed all are renewed each subsequent year.
- The total increase in state revenue to the Tennessee Arts Commission in FY22-22 and subsequent years is \$23,940.
- The total increase in state revenue to the Highway Fund in FY22-23 and subsequent years is \$5,985.
- The Department of Revenue will retain approximately \$5,242 $[(1,000 \times 1.44) \times \$3.64]$ from the sale the license plates to compensate TRICOR for production, warehousing, and distribution costs. TRICOR will receive approximately \$239 in net revenue in FY21-22.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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